

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

Revised Schedules K-1 to Reduce Filing Complexity

IR-2005-4, Jan. 10, 2005

WASHINGTON — The Internal Revenue Service today announced the availability of the revised Schedules K-1 for this year's filing season. The schedules have been simplified to reduce common errors and the burden associated with preparation and filing requirements.

Income, deductions and credits from partnerships, S corporations and trusts are reported to investors on Schedules K-1. The new partnership and S-corporation Schedules K-1 will be available for the 2004 tax year and the trust Schedule K-1 will be available for tax year 2005.

The redesigned schedules feature an improved layout similar to that of Form W-2 as well as streamlined instructions. The schedules are also scannable, eliminating the risk of transcription errors.

"We've modeled this on the well-understood Form W-2," IRS Commissioner Mark W. Everson said. "We believe this will be easier for taxpayers to follow."

The Office of Taxpayer Burden Reduction led a collaborative effort in the redesign of the Schedules K-1, featuring a team of IRS subject matter experts who took input from external stakeholders in the tax professional community. The revisions also incorporate information gathered from public comments and feedback from focus group participants.

Approximately 25 million Schedules K-1 are filed each year with the highest number filed by partnerships.

"The revisions to Schedules K-1 will reduce taxpayer or practitioner preparation time, increase quality and improve reporting accuracy," said Larry Gray, Governmental Affairs Liaison for the National Association of Tax Professionals. "The Schedules K-1 are now laid-out similar to a Form W-2. For example, a code for each amount to be reported in Box 13 'Other Deductions' is listed on page two of Schedule K-1 (Form 1065) and is similar to the coding system used for Box 12 on Form W-2. By using the code information the taxpayer or practitioner will know specifically where to correctly report the amount on the taxpayer's Form 1040."

The forms are available on IRS.gov. Printed copies of the forms and instructions are also available by calling the IRS at 1-800-829-3676.

— MORE —

Related links:

Schedule K-1, Partner's Shares of Income, Deductions, Credits, Etc. (Form 1065)

<http://www.irs.gov/pub/irs-pdf/f1065sk1.pdf>

Instructions for Form 1065

<http://www.irs.gov/pub/irs-pdf/i1065sk1.pdf>

Schedule K-1, Shareholder's Share of Income, Deductions Credits, Etc. (Form 1120S)

<http://www.irs.gov/pub/irs-pdf/f1120ssk.pdf>

Instructions for Form 1120S

<http://www.irs.gov/pub/irs-pdf/i1120ssk.pdf>